

Major 2004 Legislative Changes



Several of the bills passed by the 2004 Legislature directly affect Nebraska's tax programs. Additional information on the contractor labor changes is available on the Department of Revenue's Web site (www.revenue.state.ne.us).

Changes to the motor fuels and charitable gaming programs are not included in this notice. Contact Motor Fuels at 800-554-3835 and Charitable Gaming at 877-564-1315 for information on any changes in those areas.

Sales Tax

Exemption

Beginning October 1, 2004, purchases by Intermediate Care Facilities for the Mentally Retarded are exempt from tax. (LB 841)

Agricultural Machinery

Beginning October 1, 2004, sales of qualifying agricultural machinery and equipment no longer require the special documentation, Form 13AG, but may be documented with a regular Form 13. (LB 841)

Telephone, Telegraph, Cable TV, and Mobile Telecommunications Services

The labor involved to install, construct, service, or remove property used in conjunction with these utility services continues to be taxable. Prior to July 1, 2004, the labor was subject to tax as the installation of utility services. Beginning July 1, 2004, the labor is subject to tax as contractor labor. The taxation of the building materials used in providing these services will follow the rules for contractors and will depend on whether the materials are annexed to real estate or remain tangible personal property after installation. (LB 1017)

Contractors

Several changes were made to the rules governing sales tax on contractor labor. These changes become effective on July 1, 2004:

- ✓ Contractors will be permitted to sell their contractor labor tax-free to another contractor;
- ✓ Option 2 and Option 3 contractors will collect sales tax on a statutorily set percentage of the total sales price for building materials and construction services;
- ✓ Sales tax will be reported when the payments for contractor labor are received; and
- ✓ Projects involving a tax-exempt major renovation for commercial and industrial buildings require prior approval from the Department and payment of a \$500 fee. (LB 1017)

Income Tax

Statute of Limitation

For statute of limitation purposes, the due date for filing an income tax return is not affected by the granting of an automatic extension for filing the return. Effective July 16, 2004. (LB 955)

Nonhighway Use Motor Fuels

The income tax credit for nonhighway use of motor vehicle fuels has been eliminated and replaced with a direct refund provision. The claim for refund must be filed with the Motor Fuels Division. Operative for tax years ending on and after January 1, 2005. (LB 983)

Miscellaneous

Amnesty

From August 1, 2004 through October 31, 2004, a tax amnesty program will be in effect for all tax programs administered by the Department of Revenue. To be eligible for amnesty, an application must be filed with and accepted by the Department, returns must be filed for each tax period for which amnesty is requested, and payment must be made of all taxes for which amnesty is requested. Interest and penalty will not apply to tax payments made under an approved amnesty application. Additional information on amnesty will be available on the Department's Web site: **www.revenue.state.ne.us**. (LB 1017)

Tax Incentives

Companies receiving benefits under the Ethanol Development Act are excluded from receiving benefits under the Employment and Investment Growth Act and the Invest Nebraska Act. Effective for applications received on or after April 16, 2004. (LB 479)

The definition of **taxpayer** for the Employment and Investment Growth Act is expanded to include pass-through entities (partnerships, S corporations, limited liability companies or joint ventures) when the partners, shareholders, members, or owners representing at least 90 percent of the ownership of such entity, are subject to sales and income taxes. Effective April 16, 2004. (LB 1065)

Nonresident Contractors

The registration and bonding requirements for nonresident contractors are extended to include labor brokers providing or arranging for labor on projects in this state. Effective April 16, 2004. (LB 1017)

Homestead Exemption

For applications filed in 2004 and after, the definition of a multiple amputee was changed for certain veterans eligible for exemption. (LB 986)

Estate Tax

The estate tax rates have been changed for decedents dying on and after July 1, 2003. (LB 1034)

FOR NEBRASKA TAX ASSISTANCE

For All Tax Programs Except Motor Fuels

Contact your regional office or call **1-800-742-7474** (toll free in NE and IA)

or **1-402-471-5729**

Nebraska Department of Revenue Web site address: **www.revenue.state.ne.us**
A copy of the Taxpayer Bill of Rights is available by calling any of our regional offices or visiting our Web site.

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69363-1500
Telephone (308) 632-1200

GRAND ISLAND

TierOne Bank Building, Suite 460
1811 West Second Street
Grand Island, Nebraska 68803-5469
Telephone (308) 385-6067

NORTH PLATTE

Craft State Office Building
200 South Silber Street
North Platte, Nebraska 69101-4200
Telephone (308) 535-8250

NORFOLK

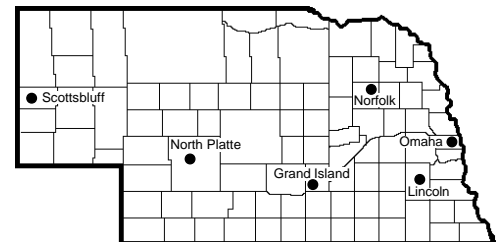
304 North 5th Street, Suite "D"
Norfolk, Nebraska 68701-4091
Telephone (402) 370-3333

OMAHA

Nebraska State Office Building
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102-1871
Telephone (402) 595-2065

LINCOLN

Nebraska State Office Building
301 Centennial Mall South
Lincoln, Nebraska 68509-4818
Telephone (402) 471-5729



For Motor Fuels tax programs only call toll free 1-800-554-3835 (Lincoln residents call 471-5730).

Hearing-impaired individuals may call the Text Telephone (TT) at 1-800-382-9309. TDD (Telecommunications Device for the Deaf) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.